

Message Text

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ORIGIN ARA-20

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DRAFTED BY ARA/CAR:WPKELLY:JET

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APPROVED BY ARA/CAR:JRBURKE

EUR/WE - MR. SHEINBAUM

EB/IFD/OMA - MR. MILAM

TREASURY-MR. NATHAN GORDON (SUBS)

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FM SECSTATE WASHDC

TO AMCONSUL CURACAO

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E.O. 11652:N/A

TAGS:EFIN, NA, US

SUBJECT: VISIT TO WASHINGTON BY PRIME MINISTER ISA; EFFECT
OF U.S. TAX LEGISLATION UPON GNA REVENUES

REF: (A) CURACAO 495; (B) LOFTON-BURKE LETTER, 8/10/73

1. DEPT. WELCOMES OPPORTUNITY TO MEET WITH ISA AND DISCUSS
TAX AND OTHER SUBJECTS OF MUTUAL INTEREST. HOWEVER, WE
BELIEVE IT WOULD BE MORE APPROPRIATE FOR EITHER THE DUTCH
EMBASSY OR THE WASHINGTON LAW FIRM (SILVERSTEIN AND MULLINS)
WHICH REPRESENTS GNA TO ARRANGE ISA'S APPOINTMENTS WITH
CONGRESSMEN AND SENATORS CONCERNED WITH TAX MATTERS. WE
WILL, OF COURSE MAKE APPOINTMENTS WITH THOSE STATE AND
TREASURY OFFICIALS WHOM PRIME MINISTER ISA DESIRES TO SEE.

2. BEGIN FYI. THE GNA HAS ALREADY BEEN GRANTED A CONCESS-
ION BY THE U.S. INASMUCH AS THE EFFECTIVE DATE OF PROVISIONS
WITHIN RENEWED INTEREST EQUALIZATION TAX HAVE BEEN POST-
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PONED UNTIL JANUARY 1, 1974. AS POST AWARE, NETHERLANDS
ANTILLES WAS PRIMARY BENEFICIARY OF WHAT AMOUNTED TO A LOOP-

HOLE IN OUR OWN LEGISLATION. WHILE IT IS IMPOSSIBLE FOR US TO PREDICT WITH CERTAINTY CONGRESSIONAL ATTITUDE IN THIS CASE, DEPT. ESTIMATES THAT FURTHER CONCESSIONS TO GNA ARE UNLIKELY. ON RELATED SUBJECT WE UNDERSTAND TIMING OF VAN DER STOEL'S VISIT SUBJECT TO CHANGE POSSIBLY TO SOME DATE BEYOND ISA'S TERM OF OFFICE. END FYI

3. JOHN BURKE, DIRECTOR OF THE OFFICE OF CARIBBEAN AFFAIRS, MET AUGUST 22 WITH SILVERSTEIN AND REALE AS RECOMMENDED REF B. SILVERSTEIN WENT OVER OLD GROUND IN REVIEWING POSSIBLE EFFECT IET WILL HAVE ON REDUCING GNA REVENUES FROM OFFSHORE FINANCIAL SUBSIDIARIES OF U.S. CORPORATIONS, AND ATTEMPTED TO ESTABLISH A CAUSAL RELATIONSHIP BETWEEN GNA REVENUES FROM THESE SUBSIDIARIES AND THE SECURITY OF THE TWO ANTILLEAN PETROLEUM REFINERIES. BURKE POINTED OUT THAT SUCH A LINKAGE WAS TENUOUS AT BEST AND THAT WHILE WE REMAIN SYMPATHETIC TO THE GNA'S SOCIAL AND FISCAL PROBLEMS, THE DEPARTMENT WAS NOT PREPARED TO PURSUE A FURTHER EXTENSION OF THE IET APPLICABILITY STRICTLY ON THIS BASIS.

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